

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SS-15 EB-08 AID-05 SSO-00
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C O N F I D E N T I A L SECTION 01 OF 02 PARIS 20925

USOECD

FOR E/COOPER; AF/MOOSE; EB/HORMATS; AID/BRONHEIM/BUTCHER

E.O. 11652: GDS
TAGS: EAID, EFIN, AF, FR
SUBJECT: GISCARD FUND FOR AFRICA: A COUNTER PROPOSAL

REFS: (A) STATE 162632; (B) PARIS 20160; (C) PARIS 20805

1. SUMMARY: WE SUGGEST FOR YOUR CONSIDERATION THAT IN LIGHT OF THE SLOW GOING OF THE GISCARD PROPOSAL AND THE CHANGING ECONOMIC AND POLITICAL SCENE IN AFRICA SOUTH OF THE SAHARA, IT MAY BE TIMELY TO OFFER A COUNTER-PROPOSAL TO THE FRENCH AND OTHER MAJOR AID DONORS. THIS WOULD CONTEMPLATE ESTABLISHMENT OF A GROUP FOR DEVELOPMENT COOPERATION WITH AFRICA SOUTH OF THE SAHARA TO CONSIST OF PRINCIPAL AID DONORS TO WORK WITH THE AFRICANS ON REVIEWING AID NEEDS IN THE AREA, MOBILIZING FUNDS AND IMPROVING CURRENT AID OPERATIONS. SUCH A COORDINATING GROUP WOULD BY ITS EXISTENCE UNDERLINE THE POLITICAL IMPORTANCE WE ATTACH TO INCREASING HELP TO THE AFRICANS, BOTH IN TERMS OF QUANTITY AND QUALITY, BY WHICH THEY CAN MOVE MORE RAPIDLY TOWARD ECONOMIC DEVELOPMENT AND SOCIAL JUSTICE. END SUMMARY.

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2. WITHOUT REFERENCE TO DEGREE OF FLEXIBILITY WHICH FRENCH MAY STILL HAVE ON GISCARD PROPOSAL, WE BELIEVE IT CLEAR THAT FRENCH WILL CONTINUE TO DRIVE TOWARD SOME VERSION OF A FUND AS CLOSE TO THE ORIGINAL AS POSSIBLE. IN OUR VIEW, FROMENT-MEURICE OBVIOUSLY CONSIDERED THAT THE DEVICE HE PROPOSED -- TO EARMARK FUNDS IN NATIONAL

AID BUDGETS FOR THE PURPOSES OF SUCH A PROGRAM -- WOULD OVERCOME THE U.S. OBJECTIONS TO A FUND, A POINT ON WHICH U.S. SPOKESMEN CERTAINLY DISABUSED HIM. WE WOULD SUGGEST FOR YOUR CONSIDERATION THAT IT MAY NOW BE APPROPRIATE FOR THE U.S. TO PUT FORWARD A COUNTER-PROPOSAL WHICH IN EFFECT WOULD BE A STRENGTHENED SET OF THE "VARIANTS" DEVELOPED BY U.S. AT THE LAST SESSION WITH FROMENT-MEURICE PER PARA. 6 REF (B).

3. THIS WOULD IN ESSENCE BE A PROPOSAL THAT THE MAJOR AID DONORS TO AFRICA SOUTH OF THE SAHARA ESTABLISH A SYSTEM OF AID COORDINATION, PERHAPS A CLUB FOR DEVELOPMENT COOPERATION WITH AFRICA. THE PURPOSES OF SUCH A GROUP WOULD BE TO WORK WITH THE AFRICAN COMMUNITY IN

A. REVIEWING THE NEEDS FOR AID IN THE AREA;

B. MOBILIZING FUNDS AND EXAMINING JOINT FINANCING PROPOSALS;

C. INCREASING EFFECTIVENESS OF EXISTING AID OPERATIONS.

SUCH AN ACTION WOULD BE DESIGNED NOT ONLY TO ADDRESS THESE TECHNICAL ISSUES BUT TO CONVEY THE POLITICAL MESSAGE OF OUR DEEP INTEREST IN THE AREA AND OUR GROWING COMMITMENT TO HELP THE AFRICANS TO ACHIEVE ECONOMIC DEVELOPMENT.

4. FROM OUR VIEW HERE A VARIETY OF CONCERNS BESPEAKS CONFIDENTIAL

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SUCH AN APPROACH. FIRST, THERE HAS BEEN A SIGNIFICANT INCREASE IN THE NEED FOR A SYSTEM THROUGH WHICH AID DONORS COULD COPE MORE DIRECTLY WITH PROBLEMS OF AID TO AFRICA SOUTH OF THE SAHARA -- BOTH THOSE PROBLEMS EMERGING FROM EXPANDING AID OPERATIONS IN THE AREA AND THOSE AID PROBLEMS INHERENT IN CURRENT POLITICAL DEVELOPMENTS. THE ABSORPTIVE CAPACITY PROBLEM CONTINUES AND THE LEVEL OF UNDISBURSED AID COMMITMENTS FOR THE AREA ROSE RAPIDLY IN 1976. MOREOVER, AS MANY BILATERAL DONORS ARE NOW INCREASING THEIR AID TO THE AREA, WE ASSUME THAT THE PIPELINE PROBLEM WILL BECOME EVEN MORE ACUTE UNLESS WE ACT. ALTHOUGH AT THE LEVEL OF INDIVIDUAL RECIPIENT COUNTRIES THERE MAY BE AWARENESS OF THE IMPORTANCE OF WESTERN AID TO THE INDIVIDUAL COUNTRY, MORE GENERALLY THERE APPEARS TO BE LITTLE POLITICAL AWARENESS OF THE DIMENSIONS OF DAC DONOR AID TO AFRICA AND THE FACT THAT THIS AID IS GROWING. THERE IS NOW NO MEANS BY WHICH WE DONORS SYSTEMATICALLY REVIEW AID REQUIREMENTS FOR THE AREA, OR DONOR

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RESPONSES THERETO. THE DEVELOPMENT OF THE AREA WILL ALSO REQUIRE A GROWING DEGREE OF REGIONAL COOPERATION WHICH WE AS DONORS SHOULD BE ABLE TO STIMULATE AND SUPPORT.

5. WE WOULD NOTE THAT THERE WAS STRONG SUPPORT FROM OTHER INVITEES TO THE DISCUSSION OF THE FRENCH PROPOSAL FOR A MORE REGULARIZED SYSTEM OF AID COORDINATION. THE GERMANS QUITE EXPLICITLY AND REPEATEDLY SUPPORTED MOVES IN THIS DIRECTION AND ARE EXAMINING THE U.S. "VARIANT." OF PARTICULAR NOTE IS THEIR PREOCCUPATION WITH PROBLEMS OF HOW TO ACHIEVE A GREATER DEGREE OF REGIONALISM IN AFRICA'S DEVELOPMENT. BOTH THE BRITISH AND THE BELGIANS ALSO ENDORSED SOME MUCH STRONGER FORM OF AID COORDINATION AS INDEED DID THE FRENCH THEMSELVES ALTHOUGH THE LATTER WOULD PROBABLY TREAT THIS AS ESSENTIALLY A MINOR TOPIC.

6. TO CARRY OUT THE KIND OF COORDINATION SUGGESTED HERE, WE CLEARLY WOULD NEED SOME FORM OF ORGANIZATIONAL STRUCTURE, AND THE MODALITIES FOR ESTABLISHMENT OF A SYSTEM OF AID COORDINATION WOULD HAVE TO BE EXAMINED. ONE POSSIBILITY WOULD BE TO LAUNCH AN INFORMAL WORKING
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GROUP GROUP BASED UPON THE MODEL OF THE CLUB OF THE FRIENDS OF THE SAHEL, LOCATING THE OPERATIONS WITHIN THE OECD AND/OR DAC WITH SECRETARIAT SUPPORT PROVIDED BY THE PRINCIPAL DONORS. WHATEVER STRUCTURE FOR COOPERATION MIGHT BE WORKED OUT, MANY OF THE SAME QUESTIONS WOULD ARISE AS HAVE ARISEN IN THE COURSE OF EXAMINING THE FRENCH PROPOSAL, SUCH AS WITH WHAT GROUPS IN AFRICA ONE SHOULD AND COULD WORK, THE DETAILS OF ORGANIZATIONAL ARRANGEMENTS, ETC.

7. UPON THESE QUESTIONS WE WILL NOT NOW DWELL BEYOND NOTING TWO GENERAL POINTS. THE FIRST IS THAT OF HOW IN THE PRESENT CONTEXT ONE COULD OBTAIN FRENCH PARTICIPATION IN A MAJOR COORDINATION EFFORT. AS THE EMBASSY HAS EMPHASIZED IN REF (C), WE DO SHARE SAME INTERESTS AND OBJECTIVES WITH THE FRENCH. THE MOST REASONABLE APPROACH TO OUR MINDS WOULD BE TO SEEK TO PERSUADE THEM THAT ONE COULD ACHIEVE WITHIN A LARGER COORDINATION EFFORT THAT WHICH THEY NOW WANT TO ACHIEVE THROUGH THE FUND PROPOSAL, AND THAT THE POLITICAL SIGNAL TRANSMITTED BY A GREATER CONCERN WITH THE TOTALITY OF AID RATHER THAN A RELATIVELY SMALL FUND WOULD BE A FAR MORE POWERFUL ONE. THE SECOND QUESTION WOULD BE THAT OF THE GROUP IN AFRICA WITH WHICH ONE COULD WORK AND WOULD NECESSARILY INVOLVE VERY CLOSE CONSULTATIONS WITH MOST OF THE AFRICAN GOVERNMENTS BEFORE LAUNCHING ANY SPECIFIC PROPOSALS.

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